

## **Organizational Separation Between Aging and Disability Resource Centers and Managed Care Organizations To Avoid Conflicts of Interest**

### **Purpose**

This information bulletin is intended to provide guidance to counties and planning consortia regarding the degree of separation required between an Aging and Disability Resource Center (ADRC) and a managed care organization (MCO). In the Family Care program, the managed care organization is known as a Care Management Organization (CMO).

### **Guiding Principle**

As a general principle, any county agency that is a managed care organization or is assuming full or partial financial risk for a managed care consortium cannot also serve as the Aging and Disability Resource Center. Before it can be approved to provide both ADRC and MCO functions, a county or multi-county consortium would have to demonstrate in a detailed public plan, and provide assurance to the State, that the operation of the ADRC would not be influenced in any way by the management of the MCO.

### **Federal and State Requirements**

In order to avoid conflict of interest, the Centers for Medicare and Medicaid Services requires that managed care organizations be independent from the organization that performs choice counseling and enrollment activities for potential members of the managed care program.

Wisconsin's Family Care statutes and rules contain similar requirements for separation. Section 46.285, Wis.Stats. requires ADRCs to meet federal requirements for organizational independence from any care management organization and specifically prohibit the same organization from operating both a resource center and a care management organization unless:

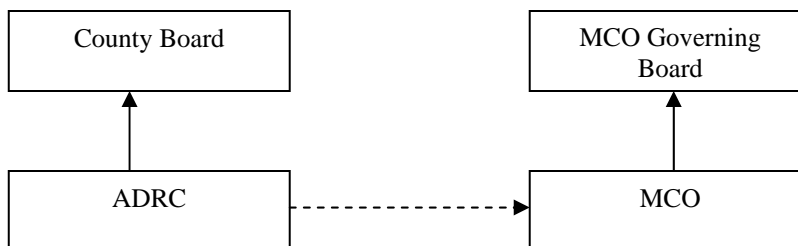
1. The county creates a Family Care District to operate the ADRC or CMO
2. The tribe or band creates a separate corporation to apply as an ADRC or CMO
3. DHFS approves separation of the functions of the ADRC from those of a CMO by other means

### **Acceptable Models of ADRC-MCO Separation**

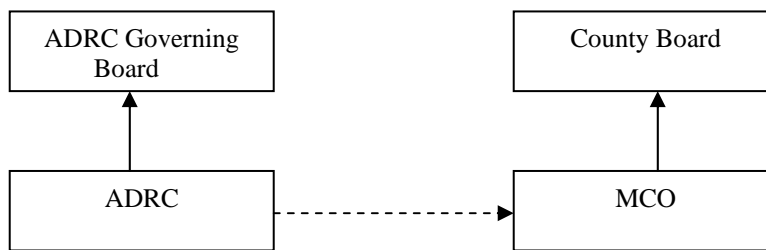
An ADRC can be a county or tribal entity, a multi-county consortium, a Family Care District, a private non-profit organization, or a combination of the above. A county or tribal government may be both an ADRC and a MCO, so long as there is adequate separation in the governance and organizational structure. Organizational separation should be sufficient to ensure that individuals receive unbiased information and counseling, to protect individuals from being discriminated against based on health care needs, and to prevent manipulation of level of care determinations to the financial advantage of any participating organization.

The following describes different ways of structuring ADRCs and MCOs to meet the requirement for separation. The county and county organizations described in these scenarios may be single county organizations, multi-county consortia, or public-private partnerships involving county governments. Applicants for ADRC or MCO designation should follow one of the models described below or be able to demonstrate in detail how their proposed structure will eliminate the potential for conflicts of interest.

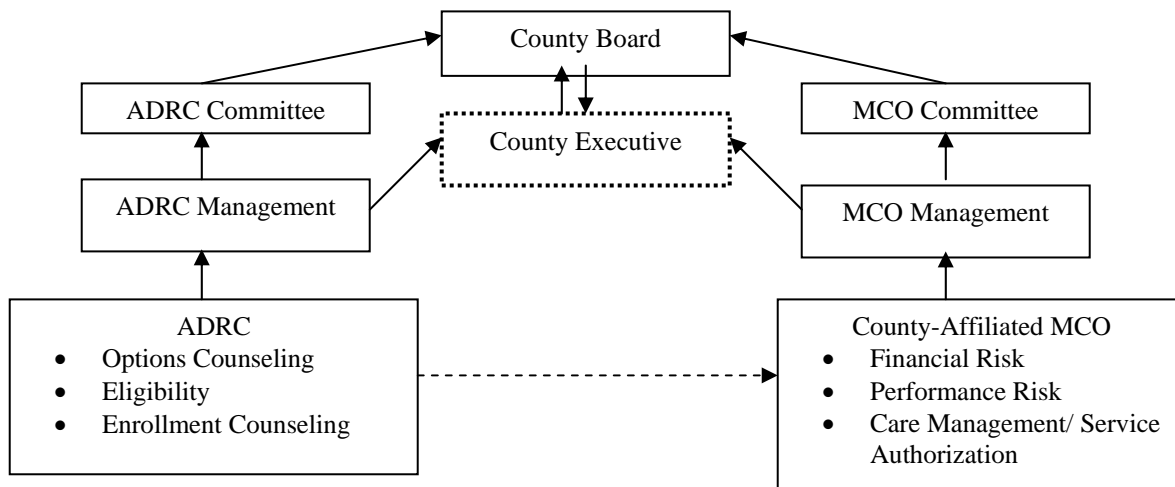
1. **County is an ADRC but not a MCO.** If a county has no risk or responsibility for care management, then any county agency can serve as the ADRC or as part of a multi-county ADRC. In this model, the county is not a MCO but may provide services, such as care management services, under contract to the MCO.



2. **County is a MCO but not an ADRC.** The county assumes financial risk as a managed care entity, either as a MCO or as a participant in a consortium that is a MCO, and is not an ADRC.



3. **ADRC and MCO are Separate Agencies within County Government.** If a county, with or without partners, assumes risk for managed care, it can also operate an ADRC provided that the ADRC and the MCO have separate agencies, advisory boards, managers, budgets and staff. Both the MCO and ADRC may report to the same county board. [Note: It is not known at this time whether CMS will consider this adequate to prevent conflict of interest. Further separation of options and enrollment counseling may ultimately be required.]



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graph TD; CB[County Board] <--> CE[County Executive]; ADRC[ADRC] --> ADRC_M[ADRC Management]; ADRC_M --> ADRC_C[ADRC Committee]; ADRC_C --> CB; CE --> ADRC_C; CE --> MCO_C[MCO Committee]; MCO[County-Affiliated MCO] --> MCO_M[MCO Management]; MCO_M --> MCO_C; MCO_C --> CB; CE --> MCO_M; EC[Enrollment Consultant] -.-> ADRC; EC -.-> MCO; EC -.-> CM[Competing MCO];
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The flowchart illustrates the organizational structure and relationships between the County Board, County Executive, and various entities. At the top, the County Board and County Executive are connected by a double-headed arrow. The County Executive is shown in a dashed box. Below the County Board, the ADRC Committee and MCO Committee are connected to the County Board by single-headed arrows. The County Executive is connected to both the ADRC Committee and the MCO Committee by single-headed arrows. Below the ADRC Committee is ADRC Management, which is connected to the ADRC Committee by a single-headed arrow. Below the MCO Committee is MCO Management, which is connected to the MCO Committee by a single-headed arrow. At the bottom, the ADRC and County-Affiliated MCO are connected to the Enrollment Consultant by dashed arrows. The Enrollment Consultant is also connected to the Competing MCO by a dashed arrow. The ADRC and County-Affiliated MCO are both connected to the County Board and County Executive by single-headed arrows.

**County Board**

**County Executive**

**ADRC Committee**

**ADRC Management**

**ADRC**

- Options Counseling
- Eligibility
- Enrollment Counseling

**MCO Committee**

**MCO Management**

**County-Affiliated MCO**

- Financial Risk
- Performance Risk
- Care Management/Service Authorization

**Enrollment Consultant**

**Competing MCO**

- Financial Risk
- Performance Risk
- Care Management/Service Authorization

—————> = Reporting relationships  
 - - - - -> = Direction of customer movement through the enrollment process